

**COMMONWEALTH OF KENTUCKY  
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET  
OFFICE OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2007-AH-001  
ADMINISTRATIVE ACTION NO. 07-PPC-0001**

OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

**FINAL ORDER  
REVOKING LICENSE**

CAMELOT MORTGAGE, INC.  
and  
JAMES C. HARDISON

RESPONDENTS

**Statement of Facts**

1. The Office of Financial Institutions ("OFI") is responsible for regulating and licensing mortgage loan companies and mortgage loan brokers in accordance with the provisions of KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act.

2. Respondent, Camelot Mortgage, Inc., applied for and was issued a mortgage broker license for the purpose of engaging in the mortgage loan business in the Commonwealth of Kentucky at an office located at 5813 Bardstown Road, Suite 104, Louisville, Kentucky 40291. James C. Hardison was the registered agent and president of Camelot Mortgage, Inc.

3. On January 3, 2007, OFI filed a Notice of Administrative Hearing and an Administrative Complaint against Respondent, Camelot Mortgage, Inc., seeking to revoke Camelot Mortgage, Inc.'s mortgage broker license for various violations of Chapter 286.8 of the Kentucky Revised Statutes, including but not limited to moving its

office without prior approval from OFI, failure to provide information and documentation requested by OFI during an examination, use of an unregistered loan officer in loan origination, engaging in deceptive practices, and failure to pay for the April 18, 2006 examination fee bill.

4. On March 15, 2007, OFI amended the Complaint by naming James C. Hardison as an additional Respondent. Additional violations set forth in the Amended Complaint were Respondents' failure to maintain a surety bond, Hardison's withholding of information concerning pending federal felony charges, and an Order by a United States Magistrate Judge that Hardison not be employed in the mortgage business as a condition of an appearance bond in federal court.

5. On February 4, 2008, OFI amended the Complaint a second time by setting forth another violation of Chapter 286.8 – Hardison was convicted of conspiracy to commit wire fraud, a felony, and aggravated identity theft, also a felony, and sentenced on January 15, 2008 to seven (7) years in federal prison by the United States District Court, Western District of Kentucky.

6. On March 14, 2008, OFI filed a Motion for Recommendation on the Written Record. No response was filed by Respondents. On April 4, 2008, the hearing officer assigned to this matter issued a Recommended Order Granting Judgment on the Written Record, Notice of Exception and Appeal Rights.

7. In her Recommended Order, the hearing officer found that there was substantial evidence in the pleadings to find that Camelot Mortgage violated KRS 286.8-060(1) and KRS 286.8-090(1)(a) by failing to keep a valid surety bond in effect, that Respondents violated KRS 286.8-170(5) and KRS 286.8-090(1)(a) by failing to pay the

sum of \$924 for the OFI examination of April 18, 2006, that James C. Hardison violated KRS 286.8-090(1)(h) by withholding information from the executive director which would render him ineligible to be licensed or registered, and that James C. Hardison violated KRS 286.8-090(1)(k) by being convicted of two federal felonies involving fraudulent conduct, dishonesty, and breach of trust.

8. In her Recommended Order, the hearing officer recommended that the mortgage broker license of Camelot Mortgage, Inc. be revoked, that Camelot Mortgage, Inc. and James C. Hardison be ordered to permanently cease and desist from operating as a mortgage loan company or mortgage loan broker, that James C. Hardison shall not be eligible to apply for a license, registration, or claim of exemption under KRS 286.8-090 until after the expiration of twelve years from the date of the recommended order at which point Hardison shall have completed his imprisonment and probation, that James C. Hardison pay no fine for the violations of Chapter 286.8 in light of the significant restitution ordered by the federal court, but that Hardison be ordered to pay \$924 for the April 18, 2006 fee bill plus the cost of this action as calculated by the executive director, and that all other charges in the action be dismissed.

9. No exceptions to the hearing officer's recommended order were filed.

#### **Statutory Authority**

10. Pursuant to KRS 286.8-060, a mortgage loan broker is required to post and maintain a surety bond in the amount of not less than fifty thousand dollars (\$50,000).

11. Pursuant to KRS 286.8-170(5), a mortgage loan company or mortgage loan broker shall pay a fee for each examination based on fair compensation for time and actual expense.

12. Pursuant to KRS 286.8-090(1) (a), (h) & (k), the executive director may deny, suspend, or revoke any license when the applicant or licensee does not meet or has failed to comply with the requirements of KRS 286.8, has suppressed or withheld from the executive director any information which the applicant or licensee possesses and which, if submitted by him, would have rendered the applicant or licensee ineligible to be licensed or registered, or has been convicted of any felony.

### **Conclusions**

Based upon the foregoing, the executive director has determined as follows:

1. Respondent, Camelot Mortgage, Inc., applied for and was issued a mortgage broker license for the purpose of engaging in the mortgage loan business in the Commonwealth of Kentucky at an office located at 5813 Bardstown Road, Suite 104, Louisville, Kentucky 40291. James C. Hardison was the registered agent and president of Camelot Mortgage, Inc.
2. There is substantial evidence in the pleadings to find that Camelot Mortgage violated KRS 286.8-060(1) and KRS 286.8-090(1)(a) by failing to keep a valid surety bond in effect, that Respondents violated KRS 286.8-170(5) and KRS 286.8-090(1)(a) by failing to pay the sum of \$924 for the OFI examination of April 18, 2006, that James C. Hardison violated KRS 286.8-090(1)(h) by withholding information from the executive director which would render him ineligible to be licensed or registered, and that James C. Hardison violated KRS 286.8-090(1)(k) by being convicted of two federal felonies involving fraudulent conduct, dishonesty, and breach of trust.

3. In light of the various violations of KRS 286.8, Respondents' license as a mortgage loan broker is subject to being revoked pursuant to KRS 286.8-090.

**Order**

**THEREFORE**, based upon the foregoing statement of facts, statutory authority, and conclusions, the executive director **HEREBY ORDERS** as follows:

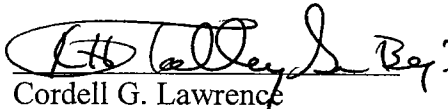
1. That the mortgage loan broker license held by **Camelot Mortgage, Inc.** is **REVOKED**;
2. That **Camelot Mortgage, Inc. and James C. Hardison**, jointly and severally, are prohibited from conducting business in Kentucky as a mortgage loan company, mortgage loan broker, or mortgage loan originator without being properly licensed, registered, or otherwise entitled to an exemption;
3. That **Camelot Mortgage, Inc. and James C. Hardison**, jointly and severally, are prohibited from participating in any business activity of a registrant or licensee and from engaging in any business activity on the premises where a licensee or registrant is conducting its business;
4. That **Camelot Mortgage, Inc. and James C. Hardison**, jointly and severally, are ordered to pay the \$924.00 fee bill for the April 18, 2006 examination; and
5. This is a **FINAL ORDER**.

This **ORDER** shall become effective upon completion of service as it is set forth in KRS 13B.050(2).

**Notice of Appeal Rights**

Pursuant to KRS 286.8-210, you are hereby notified that you have the right to appeal this Final Order of the Executive Director. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after entry of this Order.

**IT IS SO ORDERED** on this the 25 day of April, 2008.

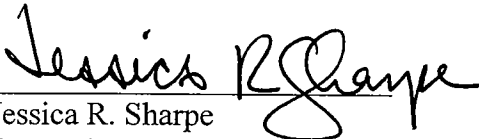
  
Cordell G. Lawrence  
Executive Director  
Office of Financial Institutions  
1025 Capital Center Drive, Ste. 200  
Frankfort, Kentucky 40601

**Certificate of Service**

I, Jessica R. Sharpe, hereby certify that a copy of the foregoing **Final Order Revoking License** was sent on this the 25<sup>th</sup> day of April, 2008, by certified mail, return receipt requested, to the following:

Timothy Denison  
Attorney at Law  
701 West Jefferson Street  
Louisville, KY 40202

Susan Durant  
Hearing Officer  
Division of Administrative Hearings  
Office of the Attorney General  
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Frankfort, KY 40601  
VIA MESSENGER MAIL

  
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